

[Redacted]

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DDI-152-82/1

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CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

007
18 JAN 1982

Rear Admiral James W. Nance
Deputy Assistant to the President for
National Security Affairs
The White House

Dear Admiral Nance:

Enclosed is our analysis supporting the NSC's request for a list of items to be considered in any expansion of US Government measures to embargo technology and end-products to the Soviet Union. [Redacted]

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If the President's embargo is expanded, it probably should include the items listed in Table 1. We must note, however, that unilateral US Government actions on these items likely will have only marginal effects on the Soviet Union in general. [Redacted]

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The President may wish to consider an even greater expansion of the embargo, encompassing other US Government actions to curtail Soviet-American interactions. Some suggested action-areas are listed in Table 2. [Redacted]

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Sincerely,

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Robert M. Gates
Deputy Director for Intelligence

Enclosure

cc: James Buckley, State
Meyer Rashish, State
Harry Kopp, State
Fred Ikle, Defense
Richard DeLauer, Defense
Lionel Olmer, Commerce
Lawrence Brady, Commerce
Foster Collins, Treasury

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Letter to Admiral Nance:

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OSWR/TTAC: [REDACTED] (15Jan82)

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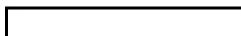


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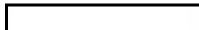
Table 1: The Effect of Further Trade Restrictions
on Selected Technologies and End-Products

<u>Technology or End-Product</u>	<u>Effect*</u>		<u>Remarks</u>
	<u>US</u>	<u>US/Allies</u>	
Grain	Small	Substantial	Even if replaced by foreign suppliers, the US action probably would raise Soviet costs and strain Soviet hard currency reserves. Given poor Soviet and world harvests, unilateral USG action could exacerbate Soviet food shortages. Allied action could cut Soviet grain imports by 70%.
Agricultural Machinery	Moderate	Substantial	US action would inhibit long-term Soviet drive for self-sufficiency. Allied action would further inhibit this drive.
<ul style="list-style-type: none"> ° combines ° tractors 			
Microelectronics	Moderate	Substantial	Legal acquisitions, coupled with illegal ones, have given the Soviets an entire industry. US actions would slow Soviet advances. Allied action would substantially retard Soviet advances.
<ul style="list-style-type: none"> ° polysilicon ° printed circuit boards ° test equipment 			

* In increasing order of magnitude, from Small through Moderate to Substantial



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Chemicals	Moderate	Moderate	US and/or Allied action would affect Soviet agricultural productivity.
<ul style="list-style-type: none"> ◦ fertilizer ◦ pesticides 			
Oil and gas equipment/technology	Small	Substantial	Allied action would reduce expected Soviet oil and gas recovery by 2 or 3 million barrels per day by late 1980s.
<ul style="list-style-type: none"> ◦ submersibles ◦ off-shore rigs ◦ drill bits and pipe ◦ pipeline equipment, including compressors ◦ recovery chemicals 			
Construction equipment/materials	Small	Substantial	Non-US equipment is widely available.
<ul style="list-style-type: none"> ◦ large-diameter pipe ◦ rolled steel ◦ bulldozers/excavators/dumpsters 			Allied action would cause severe disruptions in machine building and gas transmission.
Materials	Small	Substantial	Allied action would inhibit advanced Soviet work.
<ul style="list-style-type: none"> ◦ ceramics ◦ composites/powders ◦ special steel alloys 			
Computers	Small	Substantial	US action would be reduced by foreign availability.
<ul style="list-style-type: none"> ◦ software ◦ large-frame ◦ minis ◦ peripherals 			



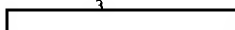
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Machinery*	Small	Substantial	Non-US suppliers are numerous. Allied action would seriously hamper Soviet efforts to boost quality/quantity in production.
° NC/CNC/robotics			
° CAD/CAM			
° mills/foundries/fabrication			
° precision machinery			
Shipbuilding	Small	Substantial	Allied action would curtail Soviet naval construction and repair capabilities.
° floating drydocks			
° heavy-lift cranes			

* NC: numerically controlled
CNC: computer numerically controlled
CAD: computer-aided design
CAM: computer-aided manufacture



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Table 2: Related USG Sanctions

<u>Technology/action</u>	<u>Impact</u>	<u>Foreign availability</u>	<u>Commentary</u>
1. Total cut-off of export credits, including retroactive action on outstanding credit	Forces Soviets to pay scarce hard currency and/or compete for market rates	Europeans and Japanese already offer "below prime" rates <u>but</u> increased Soviet demand may increase cost of borrowing	Now suspended by US only
2. Terminate maritime agreement	Shipping and cross-trading with and by Soviets would increase their costs and reduce hard currency earnings	Allies have stronger flag-shipping requirements and the Soviet fleet would not encroach on their markets	Now suspended by US only
3. Terminate fishing agreement	Deprives Soviets access to fertile grounds and would cut Soviet protein consumption	World fisheries are already strained; may cause friction with allied competitors	Now suspended by US only
4. Reduce Soviet commercial presence	Reduces Soviet presence and would limit intelligence service (IS) uses	Soviets would probably shift commercial activities to allies	An easy, low-cost action--if we trade less, they don't need commercial offices
5. Eliminate all S&T* agreements (including Article 4 exchanges of technical data with US firms) not up for renewal in short-run, including "unofficial" exchanges (e.g., direct university-Academy exchanges, Fulbright Scholars, etc.)	Cuts off direct Soviet access to US academies and business	Allies have such agreements and Soviets are strengthening them	These generally are of one-way benefit to Soviets and are very difficult to monitor--no loss to USG

*See Appendix



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6. Reduce or eliminate US participation in trade shows attended by Soviets, and restrict sales presentations, and industry tours	Cuts Soviets off from personnel relations with US firms and state-of-the-art technology and reduces IS involvement	Allies could and probably would pick up slack	Reduces the risk of theft, inadvertent losses of know-how and design processes, and IS recruitment/assessment threat
7. Reduce or eliminate US presence in international organizations (e.g., IIASA, UNDP) with large Soviet presence	Cuts Soviets off from close contacts with US experts and reduces IS involvement	Allies may pick up tab, but not likely	A rather simple way of restricting US "subsidiaries" to Soviets, but may cause problems in multilateral contexts (e.g., UN)
8. Eliminate Soviet access to USG open source documents (NTIS, Library of Congress)	Would restrict Soviet access to USG-sponsored research	Some agreements with Allies (e.g., British library) must be altered	
9. Regulated activities of Soviet-owned, US-chartered companies	Would weaken Soviet commercial presence, and use of same for IS related activities	NA	Would probably require legal action, but well worthwhile in any event
10. Restrict imports of Soviet-origin goods	Damages Soviet prestige and may crimp somewhat Soviet hard-currency earnings	NA	Mostly symbolic, as we don't import a great deal



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Appendix: US-USSR BILATERAL TECHNICAL AGREEMENTS

<u>Name</u>	<u>Date for Renewal</u>	<u>Notification</u>
Science & Technology	July 8, 1982	-
Agriculture	June 19, 1983	By Dec. 1982
Artificial Heart Research & Development	June 28, 1987	-
Atomic Energy	June 21, 1983	-
Energy	June 28, 1982	30 day advance
Environmental Pro- tection	May 23, 1987	-
Housing and Con- struction	June 28, 1984	By Dec. 1983
Medical Science and Public Health	May 23, 1987	-
Exploration and Use of Outer Space for Peaceful Purposes	May 24, 1982	-
Transportation	June 19, 1983	-
Studies of the World Ocean	Dec. 15, 1986	-